

JAN 23 2026

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## A BILL FOR AN ACT

RELATING TO AGRICULTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The legislature finds that article XI, section  
2 3, of the Hawaii State Constitution, sets out the framework for  
3 state policies to promote agriculture and the conservation of  
4 productive agricultural lands in the State. To address the  
5 issue of important agricultural lands, Act 183, Session Laws of  
6 Hawaii 2005 (Act 183), established standards, criteria, and  
7 mechanisms to identify important agricultural lands and directed  
8 the department of agriculture and biosecurity to develop a  
9 program of incentives to promote agricultural viability. Act  
10 183 was further amended by Act 233, Session Laws of Hawaii 2008,  
11 to provide for the designation of public lands as important  
12 agricultural lands by requiring the department of agriculture  
13 and biosecurity and department of land and natural resources to  
14 jointly identify the state-owned lands that should be designated  
15 as important agricultural lands.

16 The legislature further finds that section 204(a) of the  
17 Hawaiian Homes Commission Act, 1920, as amended, provides that



1 Hawaiian home lands shall be under the control of the department  
2 of Hawaiian home lands requiring the use of lands in accordance  
3 with the Hawaiian Homes Commission Act.

4 Accordingly, the purpose of this Act is to amend the  
5 important agricultural land qualified agricultural cost tax  
6 credit to include Hawaiian home lands designated for subsistence  
7 agriculture, supplemental agriculture, or pastoral in the  
8 definition of "important agricultural lands" and expand the  
9 definition of "qualified agricultural costs" to include costs  
10 relating to the planting of orchard or fruit-bearing crops,  
11 which typically take longer to yield or return and the  
12 improvement of former sugar and pineapple plantation lands.

13 SECTION 2. Section 235-110.93, Hawaii Revised Statutes, is  
14 amended by amending subsection (k) to read as follows:

15 "(k) [As used in] For the purposes of this section:

16 "Agricultural business" means any person with a commercial  
17 agricultural, silvicultural, or aquacultural facility or  
18 operation, including:

19 (1) The care and production of livestock and livestock  
20 products, poultry and poultry products, apiary



1                   products, and plant and animal production for nonfood  
2                   uses;

3                   (2) The planting, cultivating, harvesting, and processing  
4                   of crops; and

5                   (3) The farming or ranching of any plant or animal species  
6                   in a controlled salt, brackish, or freshwater  
7                   environment;

8                   provided that the principal place of the agricultural business  
9                   is maintained in the State and more than fifty per cent of the  
10                  land the agricultural business owns or leases, excluding land  
11                  classified as conservation land, is important agricultural land.

12                  "Important agricultural lands" means lands identified and  
13                  designated as important agricultural lands pursuant to part III  
14                  of chapter 205[–], and Hawaiian home lands designated for  
15                  subsistence agriculture, supplemental agriculture, or pastoral.

16                  "Net income tax liability" means income tax liability  
17                  reduced by all other credits allowed under this chapter.

18                  "Qualified agricultural costs" means expenditures for:  
19                   (1) The plans, design, engineering, construction,  
20                   renovation, repair, maintenance, and equipment for:



1 (A) Roads or utilities, primarily for agricultural  
2 purposes, where the majority of the lands  
3 serviced by the roads or utilities, excluding  
4 lands classified as conservation lands, are  
5 important agricultural lands;

6 (B) Agricultural processing facilities in the State,  
7 primarily for agricultural purposes, where the  
8 majority of the crops or livestock processed,  
9 harvested, treated, washed, handled, or packaged  
10 are from agricultural businesses;

11 (C) Water wells, reservoirs, dams, water storage  
12 facilities, water pipelines, ditches, or  
13 irrigation systems in the State, primarily for  
14 agricultural purposes, providing water for lands,  
15 the majority of which, excluding lands classified  
16 as conservation lands, are important agricultural  
17 lands; and

18 (D) Agricultural housing in the State, exclusively  
19 for agricultural purposes; provided that:  
20 (i) The housing units are occupied solely by  
21 farmers or employees for agricultural



3 (ii) The housing units are owned by the  
4 agricultural business;

9 (iv) The housing units conform to any other  
10 conditions that may be required by the  
11 department of agriculture;

12 (2) Feasibility studies, regulatory processing, and legal  
13 and accounting services related to the items under  
14 paragraph (1);

15 (3) Equipment, primarily for agricultural purposes, used  
16 to cultivate, grow, harvest, or process agricultural  
17 products by an agricultural business; [and]

18 (4) Regulatory processing, studies, and legal and other  
19 consultant services related to obtaining or retaining  
20 sufficient water for agricultural activities and



1 retaining the right to farm on lands identified as  
2 important agricultural lands[.];

3           (5) Planting of orchard or fruit-bearing crops on not less  
4           than           acres, including:

5                   (A) The purchase of planting materials, including  
6                   seeds, transplants, cuttings, and grafted plants;  
7                   and

11 (6) The clearing of, removal of trees and debris from, and  
12 soil restoration to correct any nutrient deficiency  
13 that is present on former sugar and pineapple  
14 plantation lands that have been out of agricultural  
15 use for more than five years and are to be used  
16 primarily for agricultural purposes."

17 SECTION 3. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

1 SECTION 4. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2026.

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INTRODUCED BY: Mike Gabbard



# S.B. NO. 2887

**Report Title:**

Important Agricultural Land Qualified Agricultural Cost Tax Credit; Hawaiian Home Lands; Important Agricultural Lands; Qualified Agricultural Costs

**Description:**

For taxable years beginning 1/1/2027, amends the Important Agricultural Land Qualified Agricultural Cost Tax Credit to: (1) include Hawaiian home lands designated for subsistence agriculture, supplemental agriculture, or pastoral in the definition of "important agricultural lands"; and (2) expand the definition of "qualified agricultural costs" to include costs relating to the planting of orchard or fruit-bearing crops, or expenditures related to the clearing of former sugar and pineapple plantation lands.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

